

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2012**

Mission Statement

*SouthWest Transit is committed to providing a quality riding
experience that fulfills the needs and exceeds the
expectations of our customers.*

Prepared by:

Department of Finance and Administration



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

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**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

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May 8, 2013

Honorable Chair and Members of the Commission
SouthWest Transit

We are pleased to respectfully submit the SouthWest Transit (SWT) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2012 to the SouthWest Transit Commission, the citizens of this area and all interested in its financial condition. SWT is a public agency created by a joint powers agreement between the Cities of Eden Prairie, Chanhassen and Chaska for the purposes of providing transit services to the Cities of Eden Prairie, Chanhassen and Chaska and contracting to provide transit and planning services, as approved by the Commission, pursuant to *Minnesota Statutes* 473.384 and/or *Minnesota Statutes* 473.388 and 471.59. This report is published to fulfill the requirements of Minnesota state law that all general purpose local governments publish annually a complete set of financial statements in conformance with U.S. generally accepted accounting principles (GAAP), audited in accordance with U.S. general accepted accounting standards by a firm of licensed certified public accountants.

This report was prepared by the SWT Finance Department and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules and statistical tables rests with SWT. Management believes the data, as presented, is accurate in all material respects; that it is presented in a manner designated to fairly set forth the financial position and results of SWT as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain an understanding of SWT's financial position have been included. Management of SWT has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of SWT's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefit, SWT's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

SWT's financial statements were audited by KDV, Ltd., a firm of licensed and certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of SWT for the year ended December 31, 2012 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on their audit, that there was a reasonable basis for rendering an unqualified opinion that SWT's financial statements for the year ended December 31, 2012 are presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. SWT's MD&A can be found in the financial section of this report immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The SouthWest Transit Commission was formed in July of 1986 by a joint powers agreement between the Cities of Eden Prairie, Chanhassen and Chaska to provide public transit services. The Commission consists of seven members. Each of the three Cities appoints two Commissioners, one of which must be a City Council member, inclusive of the Mayor currently serving in office. The seventh member must reside or maintain a business in one of the three Cities and is appointed by the six Commissioners. This Commissioner is the rider representative. The Treasurer is a member of the Commission and is elected by the Commission.

The Chief Executive Officer (CEO) is appointed by the Commission to administer the day to day activities of SWT, including administration of the transit system, contracts for transportation services, marketing and promotion of such services, administration of personnel matters including hiring and termination of employees.

The primary mission of SWT is to provide transit services that are the highest quality, safety, cost effectiveness and customer satisfaction.

SWT provides fixed route transit services within the three communities and connects the communities to other metropolitan destinations, including downtown Minneapolis, the University of Minnesota, the Southdale area, as well as providing reverse commute services to businesses within the three communities. SWT services are provided by a fleet of sixty (60) active vehicles. Driver services are provided by a private contractor. SWT does not have any component units.

The annual operating budget serves as the basis for SWT's financial planning and control. Departments submit their line item detailed budget requests to the Director of Administrative Services in August and the Chief Executive Officer presents the proposed budget to the Commission in October. The final budget is adopted before the next year begins, often in December of each year. Actual amounts exceeding the budgeted line items are allowed if there is corresponding revenue increase or if the total expenses for the department are within the department budgeted amount. However, the level at which management cannot overspend the budget without approval of the governing body is the fund level for all budgets. If significant changes occur after the budget is adopted, budget adjustments are proposed by SWT management and adopted by the Commission.

ECONOMIC CONDITIONS AND OUTLOOK

Operating Funds

The SWT service area is located in the southwest corner of the Minneapolis/St. Paul Metropolitan area. Population and construction activity continues to grow but has slowed due to the current economic conditions in each of the three communities we serve, Chanhassen, Chaska, and Eden Prairie, Minnesota.

SouthWest Transit operations continued successfully in 2012. For the sixth consecutive year SWT safely provided approximately one million rides without sacrificing service quality.

Subsidy represents the cost of each ride less the fares received. The per passenger subsidy was \$ 4.89 in 2011 and increased to \$ 5.26 in 2012.

In the fall of 2006, a constitutional amendment passed dedicating all State Motor Vehicle Sales Tax (MVST) revenue to transportation, with at least forty percent dedicated to transit. The MVST revenue was phased in between 2007 and 2012. The new source of funding is now referenced as regional allocated MVST. SWT will receive a portion of regional allocated MVST in 2013.

SWT's primary funding source is received through MVST. A base funding of \$ 4.9 million was received in 2012. Passenger fares at \$ 2.5 million are the second largest revenue source for operating funds. SWT did not receive any regional allocated MVST in 2012. The regional policy directed SWT to use fund balance for operations due to the regional transit deficit. While SWT continues to pursue a fair share of regional allocated funding, we are also committed to a proactive approach that relies on cost effectiveness and sound management decisions.

As SWT continues forward one thing we will not waiver on is our commitment to quality, safety, customer service and to the development of our employees.

Capital Funds

Historically, capital expenditures for facilities, such as park and ride lots, stations and bus garage facilities as well as bus purchases have been funded by state, local and federal grants, or SWT reserve funds. Capital funds are awarded on the basis of competitive proposals submitted by regional providers. SWT has developed and maintains a long range Capital Improvement Plan (CIP) to plan for future needs and services and to support application for the capital funds.

Significant project activity in 2012 includes the following:

- Began the construction for a new 700 parking stall park and ride, transit station and bus way in Chaska – East Creek Station
- Technology projects including Wi-Fi at transit stations and on transit buses, new web site development, and an agency wide server upgrade.

Long Term Financial Planning

SWT has implemented various financial/budget policies to guide the Commission and staff when making financial decisions and to ensure the long-term stability of SWT finances and operations. These policies include the following:

- The Commission shall set the General Fund balance to represent 35-40% of the current year operating budget.
- A debt service fund balance of \$ 14,279 as stated in the Balance Sheet is dedicated to the capital lease retirement for the capital lease issued in 2008 for the SouthWest Village construction.
- Intergovernmental revenue or local funds will be used to pay the debt service on the current outstanding value of \$ 1,901,449 for the above stated capital lease.

SWT has also adopted the following Capital and Debt Policies:

- SWT will first seek state and federal capital funding to the extent it is available. State and federal sources include the Metropolitan Council (MC), Federal Congestion Mitigation Air Quality (CMAQ) grants and/or other sources as they become available.
- SWT will look towards its Capital and Equipment Fund (C&E) fund balance to fund one-time capital expenditures.
- Should SWT need to issue debt, it shall confine long-term borrowing to capital improvements or assets for which there is no limited or delayed capital funding from the Metropolitan Council or other grant sources and that cannot be funded from current revenues. When debt is issued, it will pay back the debt within a period not more than the useful life of the improvement or asset.
- A minimum reserve in the amount of one year debt retirement will be dedicated to the debt retirement at the time the debt is issued.
- Total annual debt retirement payments funded by current revenue will not exceed 10% of the general fund budget. Debt retirement for issues with a dedicated reserve will not be included in the 10% maximum.
- SWT will maintain a five-year Capital Improvement Plan for all projects over \$ 50,000 and update the plan with the annual budget process.

Major Initiatives

Major initiatives for SWT operations included:

- Completion of the 2013-2015 Strategic Plan which sets the direction for the Agency for the next three years.
- Bus Wraps and advertising placed in our park and ride facilities provided additional revenue for operations.
- SWT established a leadership group to work with other agencies to improve the overall state of transit including how to fund transit operations.
- Enhanced transit service in the new Chanhassen Transit Station.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SWT for its comprehensive annual financial report for the year ended December 31, 2011. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation to the Commission for their continued support in planning and conducting the financial operations of SWT in a responsible and progressive manner. We also want to thank the Finance staff for their contribution in the preparation of this report. Special recognition is in order for Ms. Souriyong Souriya, who is responsible for the operational oversight of the financial system, closing adjustments, coordination of the annual audit and preparation of the CAFR. Mr. Mel Rozeboom should also be recognized for his contribution in compiling the fixed asset, depreciation, investments and payroll information.

Respectfully submitted,



Len Simich
Chief Executive Officer



Pat J. Qvale
Administrative Services Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

SouthWest Transit
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



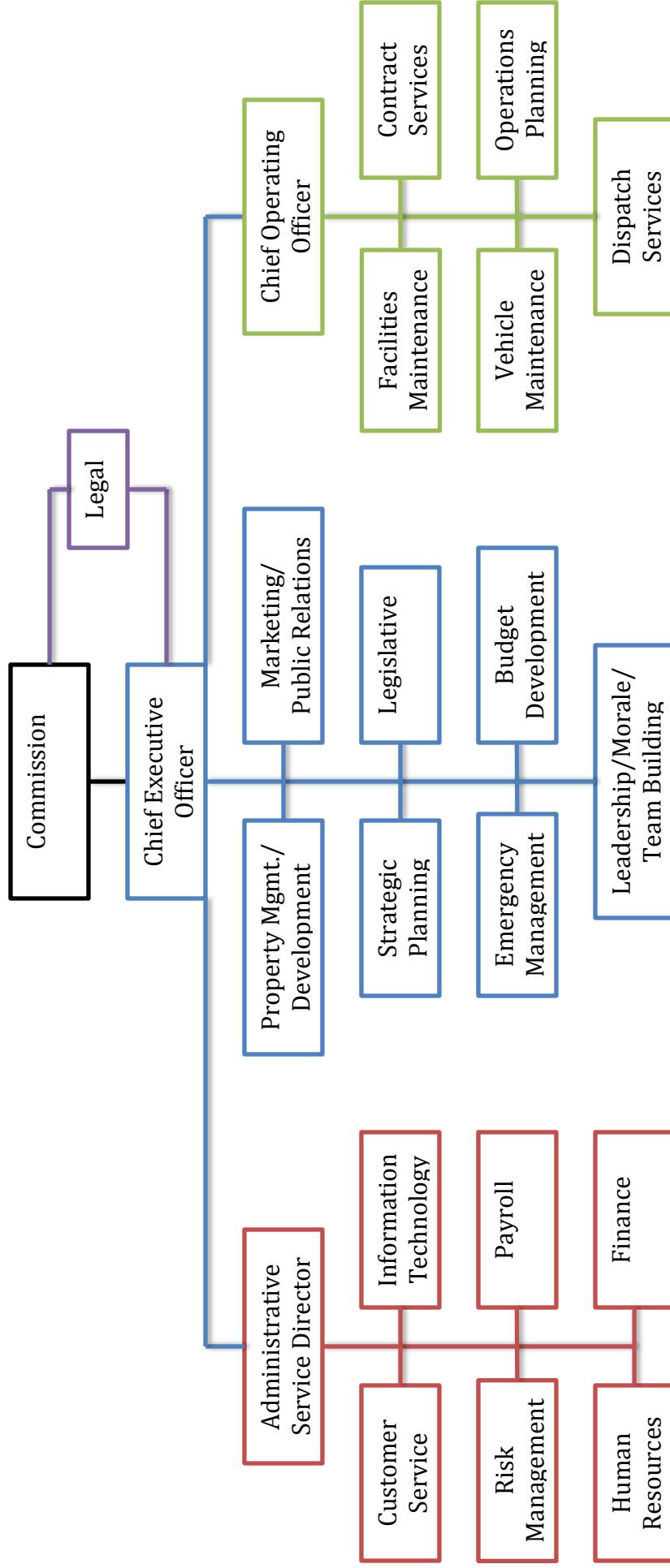
Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

SouthWest Transit Organization Chart



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**BOARD OF COMMISSIONERS AND KEY PERSONNEL
December 31, 2012**

<u>Board Member</u>	<u>Position on Board</u>	<u>Community Represented</u>	<u>Term Expires</u>
Nancy Tyra-Lukens	Chairperson	Eden Prairie	December 31, 2012
Jerry McDonald	Vice Chairperson	Chanhassen	December 31, 2013
Jody Collis King	Secretary/Treasurer	Chanhassen	December 31, 2012
Greg Boe	Board Member	Chaska	December 31, 2012
Jennifer Wolff	Board Member	Chaska	December 31, 2012
Brad Aho	Board Member	Eden Prairie	December 31, 2014
Dan Wilczek	Board Member	Eden Prairie	December 31, 2012
<u>Key Personnel</u>			
Len Simich	Chief Executive Officer		
Dave Jacobson	Chief Operating Officer		
Pat Qvale	Administrative Services Director		



FINANCIAL SECTION



Expert advice. When you need it.SM

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
SouthWest Transit
Eden Prairie, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of SouthWest Transit ("SWT"), Eden Prairie, Minnesota, as of and for the year ended December 31, 2012, and the related Notes to the Financial Statements, which collectively comprise SWT's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SWT's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SWT's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of SouthWest Transit, Eden Prairie, Minnesota, as of December 31, 2012, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB 63

As discussed in Note 13 to the financial statements, SWT has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 14–22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SWT's financial statements. The accompanying supplementary information identified in the Table of Contents as Combining and Individual Fund Statements and Schedules is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information identified in the Table of Contents as the Introductory and Statistical Sections and the Schedule of Capital Projects – Budget and Actual have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with SWT's financial statement for the year ended December 31, 2011, from which such partial information was derived.

We have previously audited SWT's 2011 financial statements and our report, dated June 6, 2012, expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2013 on our consideration of SWT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SWT's internal control over financial reporting and compliance.

Kern, DeWenter, Viere, Ltd.
KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
May 8, 2013

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2012**

As management of Southwest Transit (SWT), we offer readers of SWT's financial statements this narrative overview and analysis of the financial activities of SWT for the year ended December 31, 2012. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets of SWT exceeded its liabilities at the close of year 2012 by \$ 50,046,697 (net position). Of this amount, \$ 7,206,773 (unrestricted net position) may be used to meet SWT's ongoing obligations to customers and creditors.
- SWT's total net position increased by \$ 1,397,285, or 2.9%.
- As of the close of the current year, SWT's governmental funds reported combined ending fund balances of \$ 7,272,341, an increase of \$ 832,756 in comparison with the prior year. \$ 2,812,949 of the General Fund is unassigned and available for spending at SWT's discretion.
- SWT General Fund revenue was \$ 1,600,409 more in 2012. The primary source was a \$ 1.3 million intergovernmental grant from the Metropolitan Council to increase SWT's general fund balance. This was a grant received at the end of 2012 to increase the fund balance in the general fund to comply with the regional allocation revenue model.
- SWT has a fund balance of \$ 14,279 available for debt retirement. Funds from the Development Fund have been budgeted and will be transferred to cover 2013 debt payments.
- SWT's 2008 COP debt for SouthWest Village parking ramp and passenger waiting station construction decreased by \$ 77,854, or 3.9%, during the current year. The 2008 COP has an outstanding balance of \$ 1,901,449.
- The SWT ridership decreased by 3.0% to 998,979, operations increased the overall subsidy per passenger from \$ 4.89 in 2011 to \$ 5.26 in 2012.
- SWT awarded a \$ 7,852,000 construction contract on October 16, 2012 for the East Creek Station.

Overview of the Financial Statements – This discussion and analysis is intended to serve as an introduction to SWT's basic financial statements. SWT's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) Notes to the Financial Statements.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2012**

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of SWT's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of SWT's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SWT is improving or deteriorating.

The Statement of Activities presents information showing how SWT's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future periods (e.g. uncollected motor vehicle excise taxes, and earned but unused personal leave).

The government-wide financial statements include only SWT itself. SWT has no component units.

The government-wide financial statements can be found on pages 24-25 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SWT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of SWT are governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating SWT's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of SWT's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

SWT maintained the following individual governmental funds during 2012: the General Fund, Capital Project Funds for East Creek Station, SWT Buses, SWT Facilities Improvement, Chaska Garage, SWS Development Fund, Chanhassen Transit Station and the Capital and Equipment Fund. In addition, SWT maintains a Debt Service Fund for SW Village Debt Service.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2012**

SWT adopts annual budgets for its General Fund, Capital Project Funds and the Debt Service Fund. However, capital projects that are totally grant funded are typically controlled through the grant provisions. A budgetary comparison statement has been provided for the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28-35 of this report.

Notes to the Financial Statements – The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 37-57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an organization's financial position. In the case of SWT, assets exceeded liabilities by \$ 50,046,697 at the close of year 2012.

14.4% of SWT's net position is unrestricted. This is the amount available to meet SWT's ongoing obligations to its riders and creditors.

The remaining 85.6% reflects SWT's investment in capital assets (e.g. land, buildings, vehicles, equipment) less any related debt used to acquire those assets that is still outstanding. SWT uses these capital assets to provide transit services to the citizens within our service area. Consequently, these assets are not available for future spending. Although SWT's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2012**

Net Position

	2012	2011
Current Assets	\$ 8,540,356	\$ 7,705,023
Capital Assets, Net of Depreciation	44,741,373	44,238,712
Total Assets	\$ 53,281,729	\$ 51,943,735
Current Liabilities	\$ 1,397,403	\$ 1,382,252
Long-Term Liabilities	1,837,629	1,912,071
Total Liabilities	\$ 3,235,032	\$ 3,294,323
NET POSITION:		
Net Investment in Capital Assets	\$ 42,839,924	\$ 42,259,409
Unrestricted	7,206,773	6,390,003
Total Net Position	\$ 50,046,697	\$ 48,649,412

Governmental Activities – Governmental activities increased SWT's net position by \$ 1,397,285. The components of net position increased or decreased as follows:

- Net position invested in capital assets increased by \$ 580,515 primarily due to the construction in process for the East Creek Station.
- Unrestricted net position increased by \$ 816,770 primarily due to the intergovernmental grant from the Metropolitan Council as noted in the financial highlights on page 14.

Please see pages 24-25 for further detailed information.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2012**

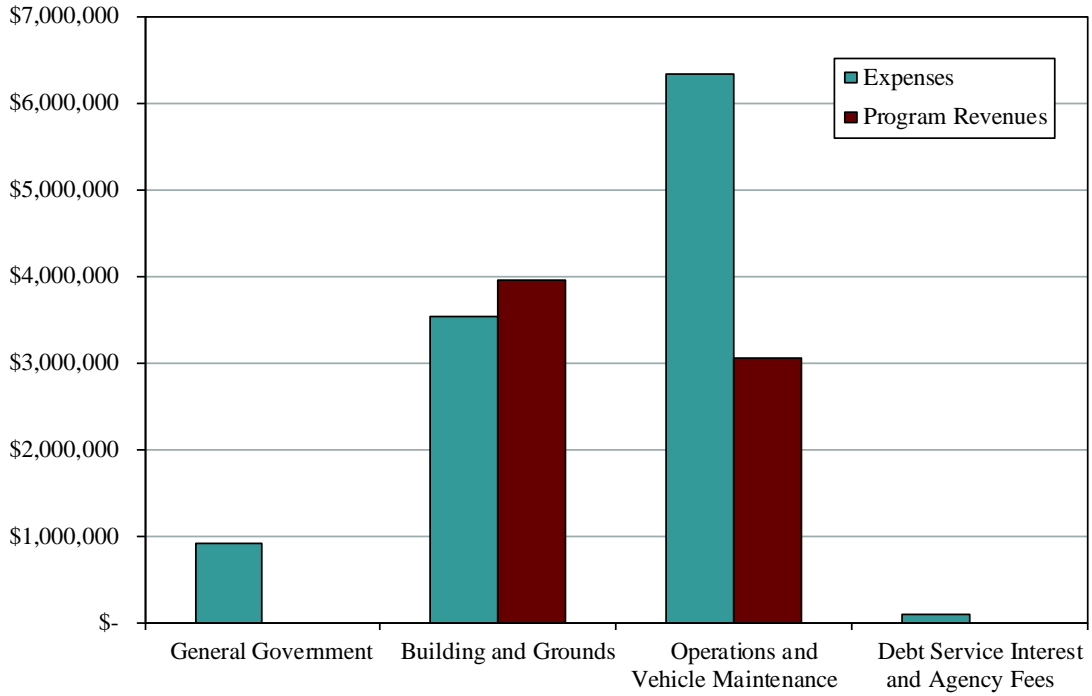
Changes in Net Position

	Governmental Activities	
	2012	2011
REVENUES:		
Program Revenues:		
Charges for Services	\$ 2,653,940	\$ 2,511,362
Capital Grants and Contributions	4,346,355	4,977,911
Total Program Revenues	7,000,295	7,489,273
General Revenues:		
Unrestricted Intergovernmental Revenue	5,042,264	4,885,269
Other Local Revenue	193,258	142,506
Unrestricted Investment Earnings	31,661	66,291
Total Revenues	12,267,478	12,583,339
EXPENSES:		
General Government	907,404	915,019
Buildings and Grounds	3,532,084	2,578,591
Operations and Vehicle Maintenance	6,338,270	5,695,536
Debt Service	92,435	95,793
Total Expenses	10,870,193	9,284,939
Changes in Net Position	1,397,285	3,298,400
NET POSITION:		
Beginning	48,649,412	45,351,012
Ending	\$ 50,046,697	\$ 48,649,412

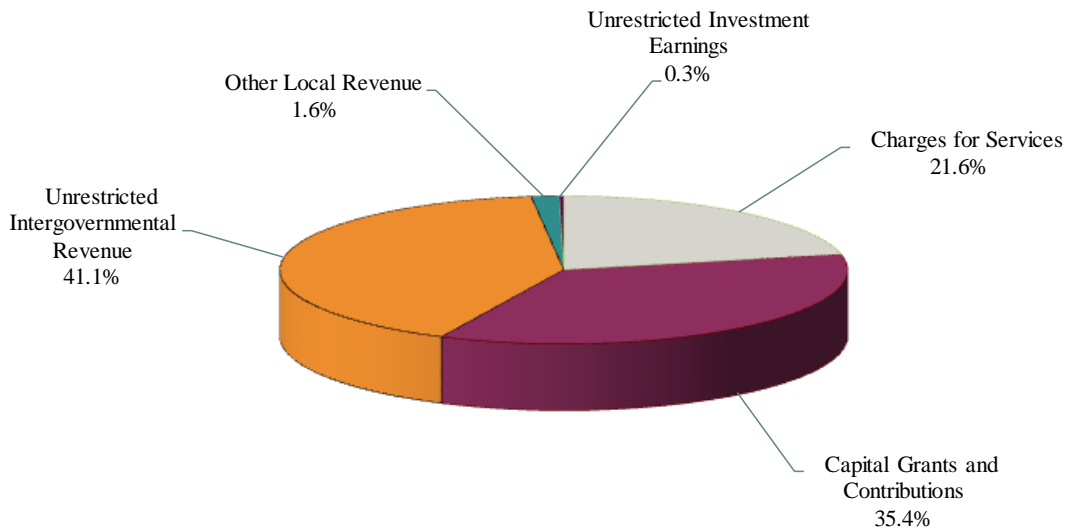
**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2012**

Expenses and Program Revenues - Governmental Activities



Revenues by Sources - Governmental Activities



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2012**

FINANCIAL ANALYSIS OF SWT FUNDS

As noted earlier, SWT uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of SWT's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing SWT's financing requirements. In particular, unassigned and assigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, SWT's governmental funds reported combined ending fund balances of \$ 7,272,341, an increase of \$ 832,756 in comparison with the prior year. Fund balances are classified to reflect the limitations and restriction of the respective funds. Additional information on fund balance classifications are in Note 7 on page 52 of this report.

The increase in SWT's fund balance of \$ 832,756 during the current year is comprised of the following key factors:

- The General Fund increase of \$ 879,598 was primarily due to the \$ 1.3 million intergovernmental grant less the \$ 120,402 used for operating cost of operations. In addition fund balance was used for a \$ 300,000 transfer out for East Creek station construction activities.

Other fund activity includes the following significant transactions:

- The Capital and Equipment Capital Project Fund had a \$ 562,454 transfer in when the Chanhassen Transit Station was completed and the remaining funds were transferred back to the Capital and Equipment fund. This represented local funds not used in the construction.
- The East Creek Station Fund construction phase began in 2012 with Federal, State and local funds. The project is expected to be completed in 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

The SWT Commission amended the 2012 budget in December 2012 to react to anticipated reduction of expenditures in transit operations and vehicle maintenance, however, the final variance was \$ 427,904 positive variance in expenditures as some of the year end expenditures did not meet anticipated amounts. The revenue primary increase was from the \$ 1.3 million grant to the General Fund to increase fund balance to comply with the regional funding policy. The executed grant was received after the budget amendment. These combined initiatives resulted in a positive variance of \$ 1,842,837, budget to actual.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2012**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – SWT's investment in capital assets as of December 31, 2012 amounted to \$ 44,741,373 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements including parking decks, equipment, and intangible assets. See the following table for more detail.

Capital Assets (Net of Depreciation)

	2012	2011
Buildings and Facilities	\$ 8,408,220	\$ 8,751,790
Bus Equipment	6,490	7,906
Equipment and Software	406,179	479,296
Furniture	6,480	9,018
Land	3,804,820	3,804,820
Land Improvements	1,007,086	1,084,437
Park and Ride Facilities	24,788,482	26,531,531
Transit Hub Facilities	470,871	452,229
Vehicles	63,585	-
Construction in Progress	5,779,160	3,117,685
Total	\$ 44,741,373	\$ 44,238,712

SWT operates 60 buses owned by the Metropolitan Council.

Additional information on SWT's capital assets can be found in Note 1.D.5 on pages 41-42 of this report and Note 6 on pages 50-51 of this report.

Long-Term Debt – At the end of the current year, SWT 2008 capital lease had an outstanding balance of \$ 1,901,449 and was reduced by \$ 77,854, or 3.9%. The decrease in the capital lease was due to the scheduled COP payments.

Additional information on SWT's long-term debt can be found in Note 8 on pages 53-54 of this report.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The State Legislature limited 2012 MVST for SWT as part of the effort to balance the regional transit deficit. The new revenue generated from the 2006 constitutional amendment (regional allocated MVST) was not available to SWT in 2012 due to our current fund balance amount. In the revenue model that distributes regional allocated MVST, agencies with greater than 25% general fund balances have been required to fund a portion of operations from their fund balances and share in the regional deficits. The SWT Commission has authorized the use of General Fund reserves in the amount of \$ 873,550 in the approved 2013 budget. SWT anticipates a budget amendment in June 2013 to reflect staff changes, and the potential general fund expenditures as it relates to the \$ 1.3 million grant from the Metropolitan Council.

The diesel fuel market continues to be a budget challenge. The 2013 budget was developed based on the current market at the time. SWT continues to participate in the state-wide fuel consortium to purchase 50% of SWT fuel at \$ 3.24 per gallon for 2013. This will minimize SWT's risk on this major expenditure.

SWT General Fund balance policy states the SWT Commission shall set the General Fund balance to represent 35%-40% of the current year operating budget. The 2013 budget as approved by the SWT Commission maintains less than this policy as a result of the regional policy changes on the use and distribution of the regional allocated MVST.

SWT will utilize the following strategies to balance the 2013 budget:

- Implementing additional operating efficiencies
- Forging new partnerships
- Actively pursuing an equitable share of state and federal funding for transit operation
- Use of reserves

SWT's goal is to balance the budget by minimizing as much as possible any negative impacts to both our riding customers and staff.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of SWT's finances for all those with an interest in SWT's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, 13500 Technology Drive, Eden Prairie, Minnesota 55344.

BASIC FINANCIAL STATEMENTS

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
December 31, 2012
(With Comparative Totals for December 31, 2011)

	December 31,	
	2012	2011
ASSETS:		
Current Assets:		
Cash and Investments	\$ 4,508,985	\$ 6,322,911
Accounts Receivable	590,488	566,989
Interest Receivable	2,901	2,340
Special Assessments Receivable	26,760	31,220
Intergovernmental Receivable	2,884,672	295,081
Inventory - Vehicle Parts	341,431	305,646
Land Held for Resale	48,833	48,833
Prepaid Items	136,286	132,003
Total Current Assets	8,540,356	7,705,023
Noncurrent Assets:		
Capital Assets:		
Land	3,804,820	3,804,820
Land Improvements	1,507,829	1,507,829
Buildings and Facilities	12,302,934	12,302,934
Transit Hub Facilities	1,428,387	1,334,210
Bus Equipment	103,920	126,034
Park and Ride Facilities	29,277,489	30,502,754
Equipment and Software	983,454	958,454
Vehicles	135,201	67,878
Furniture	24,455	24,455
Construction in Progress	5,779,160	3,117,685
Total Cost	55,347,649	53,747,053
Less Accumulated Depreciation	(10,606,276)	(9,508,341)
Total Noncurrent Assets	44,741,373	44,238,712
Total Assets	\$ 53,281,729	\$ 51,943,735
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts and Contracts Payable	\$ 1,002,183	\$ 1,090,453
Retainage Payable	101,528	30,000
Salaries and Benefits Payable	73,461	58,932
Unearned Revenue	15,250	6,000
Interest Payable	22,611	23,408
Long-Term Liabilities Due Within One Year	182,370	173,459
Total Current Liabilities	1,397,403	1,382,252
Noncurrent Liabilities:		
Lease Purchase Payable	1,901,449	1,979,303
Compensated Absences Payable	118,550	106,227
Less Amounts Due Within One Year	(182,370)	(173,459)
Total Noncurrent Liabilities	1,837,629	1,912,071
Total Liabilities	3,235,032	3,294,323
Net Position:		
Net Investment in Capital Assets	42,839,924	42,259,409
Unrestricted	7,206,773	6,390,003
Total Net Position	50,046,697	48,649,412
Total Liabilities and Net Position	\$ 53,281,729	\$ 51,943,735

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2012	2011
Governmental Activities:					Governmental Activities	Governmental Activities
General Government	\$ 907,404	\$ -	\$ -	\$ -	\$ (907,404)	\$ (915,019)
Buildings and Grounds	3,532,084	125,625	-	3,832,580	426,121	2,435,202
Operations and Vehicle Maintenance	6,338,270	2,528,315	-	513,775	(3,296,180)	(3,220,056)
Debt Service Interest and Agency Fees	92,435	-	-	-	(92,435)	(95,793)
Total Governmental Activities	<u>\$ 10,870,193</u>	<u>\$ 2,653,940</u>	<u>\$ -</u>	<u>\$ 4,346,355</u>	<u>(3,869,898)</u>	<u>(1,795,666)</u>
General Revenues:						
Unrestricted Intergovernmental Revenue					5,042,264	4,885,269
Other Local Revenue					193,258	142,506
Unrestricted Investment Earnings					31,661	66,291
Total General Revenues					<u>5,267,183</u>	<u>5,094,066</u>
Change in Net Position					<u>1,397,285</u>	<u>3,298,400</u>
Net Position - Beginning					<u>48,649,412</u>	<u>45,351,012</u>
Net Position - Ending					<u>\$ 50,046,697</u>	<u>\$ 48,649,412</u>

25 The Notes to the Financial Statements are an integral part of this statement.





**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2012
(With Comparative Totals for December 31, 2011)**

	General Fund	Capital and Equipment	Capital Projects	
			East Creek Station	SWT Facilities Improvement
ASSETS:				
Cash and Investments	\$ 1,071,088	\$ 1,298,004	\$ 272,457	\$ -
Accounts Receivable	586,738	-	-	-
Interest Receivable	159	2,295	-	-
Special Assessments Receivable	-	-	-	-
Intergovernmental Receivable	1,300,000	-	1,226,963	177,569
Due from Other Funds	363,354	-	-	-
Inventory	341,431	-	-	-
Land Held for Resale	-	-	-	-
Prepaid Items	136,286	-	-	-
Total Assets	\$ 3,799,056	\$ 1,300,299	\$ 1,499,420	\$ 177,569
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts and Contracts Payable	\$ 435,654	\$ 5,373	\$ 561,156	\$ -
Retainage Payable	-	-	101,528	-
Salaries and Benefits Payable	72,736	-	-	-
Unearned Revenue	-	-	-	-
Due to Other Funds	-	-	-	177,569
Total Liabilities	508,390	5,373	662,684	177,569
Fund Balances:				
Nonspendable	477,717	-	-	-
Committed	-	-	-	-
Assigned	-	1,294,926	836,736	-
Unassigned	2,812,949	-	-	-
Total Fund Balances	3,290,666	1,294,926	836,736	-
Total Liabilities and Fund Balances	\$ 3,799,056	\$ 1,300,299	\$ 1,499,420	\$ 177,569

Capital Projects	SWS Development Capital	Nonmajor Governmental Funds	Total Governmental Funds	
			2012	2011
			\$ 1,847,512	\$ 19,924
3,750	-	590,488	566,989	
447	-	2,901	2,340	
26,760	-	26,760	31,220	
-	180,140	2,884,672	295,081	
-	-	363,354	4,750	
-	-	341,431	305,646	
48,833	-	48,833	48,833	
-	-	136,286	132,003	
<u>\$ 1,927,302</u>	<u>\$ 200,064</u>	<u>\$ 8,903,710</u>	<u>\$ 7,709,773</u>	
\$ -	\$ -	\$ 1,002,183	\$ 1,090,453	
-	-	101,528	30,000	
725	-	73,461	58,932	
90,843	-	90,843	86,053	
-	185,785	363,354	4,750	
<u>91,568</u>	<u>185,785</u>	<u>1,631,369</u>	<u>1,270,188</u>	
-	-	477,717	437,649	
-	14,279	14,279	108,359	
1,835,734	-	3,967,396	3,917,642	
-	-	2,812,949	1,975,935	
<u>1,835,734</u>	<u>14,279</u>	<u>7,272,341</u>	<u>6,439,585</u>	
<u>\$ 1,927,302</u>	<u>\$ 200,064</u>	<u>\$ 8,903,710</u>	<u>\$ 7,709,773</u>	



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS**

December 31, 2012

(With Comparative Totals for December 31, 2011)

	December 31,	
	2012	2011
Total Fund Balances - Governmental Funds	\$ 7,272,341	\$ 6,439,585
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.		
Cost of Capital Assets	55,347,649	53,747,053
Less Accumulated Depreciation	(10,606,276)	(9,508,341)
Long-term liabilities, including leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Leases Payable	(1,901,449)	(1,979,303)
Compensated Absences Payable	(118,550)	(106,227)
Deferred special assessments receivable are not available to pay for current expenditures and, therefore, are deferred in the funds.	26,760	31,220
Unrestricted SouthWest Village land held for resale	48,833	48,833
Governmental funds do not report a liability for accrued interest until due and payable.	(22,611)	(23,408)
Total Net Position - Governmental Activities	\$ 50,046,697	\$ 48,649,412

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	General Fund	Capital and Equipment	Capital Projects	
			East Creek Station	SWT Facilities Improvement
REVENUES:				
Intergovernmental - Federal	\$ -	\$ -	\$ 1,624,452	\$ -
Intergovernmental - State	6,265,324	-	706,112	202,016
Passenger Fares	2,528,315	-	-	-
Special Assessments	-	-	-	-
Investment Income	3,223	13,480	278	-
Other Local Revenue	193,071	-	-	-
Total Revenues	8,989,933	13,480	2,330,842	202,016
EXPENDITURES:				
Current:				
General Government	825,298	-	-	-
Buildings and Grounds	1,123,328	-	-	-
Operations and Vehicle Maintenance	5,836,559	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Agency Fees	-	-	-	-
Capital Outlay:				
General Government	-	25,759	-	25,000
Buildings and Grounds	15,235	114,749	2,510,818	177,016
Operations and Vehicle Maintenance	9,915	-	-	-
Total Expenditures	7,810,335	140,508	2,510,818	202,016
Excess of Revenues Over (Under) Expenditures	1,179,598	(127,028)	(179,976)	-
OTHER FINANCING SOURCES (USES):				
Transfers In	-	562,454	550,000	-
Transfers Out	(300,000)	(250,000)	-	-
Total Other Financing Sources (Uses)	(300,000)	312,454	550,000	-
Net Change in Fund Balances	879,598	185,426	370,024	-
FUND BALANCES:				
Beginning of Year	2,411,068	1,109,500	466,712	-
End of Year	<u>\$ 3,290,666</u>	<u>\$ 1,294,926</u>	<u>\$ 836,736</u>	<u>\$ -</u>

Capital Projects	SWS Development Capital	Nonmajor Governmental Funds	Total Governmental Funds	
			2012	2011
			\$ -	\$ -
-	590,715	7,764,167	6,171,276	
-	-	2,528,315	2,456,452	
4,460	-	4,460	4,460	
12,011	2,669	31,661	66,291	
125,812	-	318,883	197,416	
<u>142,283</u>	<u>593,384</u>	<u>12,271,938</u>	<u>12,587,799</u>	
20,571	-	845,869	909,005	
19,148	-	1,142,476	1,046,154	
-	-	5,836,559	5,615,668	
-	77,855	77,855	74,280	
-	93,231	93,231	96,805	
-	-	50,759	11,887	
-	50,925	2,868,743	5,859,306	
-	513,775	523,690	19,028	
<u>39,719</u>	<u>735,786</u>	<u>11,439,182</u>	<u>13,632,133</u>	
102,564	(142,402)	832,756	(1,044,334)	
-	-	1,112,454	3,100,000	
-	(562,454)	(1,112,454)	(3,100,000)	
-	(562,454)	-	-	
102,564	(704,856)	832,756	(1,044,334)	
<u>1,733,170</u>	<u>719,135</u>	<u>6,439,585</u>	<u>7,483,919</u>	
<u>\$ 1,835,734</u>	<u>\$ 14,279</u>	<u>\$ 7,272,341</u>	<u>\$ 6,439,585</u>	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)**

	December 31,	
	2012	2011
Net Change in Fund Balances - Governmental Funds	\$ 832,756	\$ (1,044,334)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,365,580	4,285,871
The net effect of transactions involving the disposal of the East Creek Park and Ride lot for the construction of a new parking ramp.	(862,919)	-
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(12,323)	(13,969)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This repayment is reflected as an expenditure in the governmental funds. In the Statement of Net Position, this is reflected as a reduction of debt principal payable.		
Principal Repayment	77,854	74,280
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	797	1,012
Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		
Deferred Special Assessments	(4,460)	(4,460)
Change in Net Position - Governmental Activities	\$ 1,397,285	\$ 3,298,400

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND**

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
REVENUES:				
Intergovernmental - State	\$ 4,965,000	\$ 4,965,000	\$ 6,265,324	\$ 1,300,324
Passenger Fares	2,500,000	2,500,000	2,528,315	28,315
Investment Income	20,000	5,000	3,223	(1,777)
Other Local Revenue	60,000	105,000	193,071	88,071
Total Revenues	7,545,000	7,575,000	8,989,933	1,414,933
EXPENDITURES:				
Current:				
General Government	1,196,836	892,335	825,298	(67,037)
Buildings and Grounds	1,134,183	1,179,158	1,123,328	(55,830)
Operations and Vehicle Maintenance	6,315,546	6,156,246	5,836,559	(319,687)
Capital Outlay:				
Buildings and Grounds	3,000	10,500	15,235	4,735
Operations and Vehicle Maintenance	-	-	9,915	9,915
Total Expenditures	8,649,565	8,238,239	7,810,335	(427,904)
Excess of Revenues Over (Under) Expenditures	(1,104,565)	(663,239)	1,179,598	1,842,837
OTHER FINANCING USES:				
Transfers Out	-	(300,000)	(300,000)	-
Net Change in Fund Balances	\$(1,104,565)	\$ (963,239)	879,598	\$ 1,842,837
FUND BALANCES:				
Beginning of Year			2,411,068	
End of Year			\$ 3,290,666	



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

SouthWest Transit (SWT) is a replacement transit agency, operated under a joint powers agreement by and for the Cities of Chanhassen, Chaska and Eden Prairie, Minnesota. These Cities are located in the southwestern Twin Cities metropolitan area. SWT was organized in July 1986 for the purpose of providing public transit services to the participating Cities, which cover 81 square miles and are located in Carver and Hennepin Counties. SWT provides fixed route express, reverse commute and local fixed route services.

For financial reporting purposes, SWT's financial statements include all funds over which SWT exercises financial accountability. SWT does not have any component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of SWT. SWT has only governmental activities, which normally are supported by intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. MVST funds are the major source of revenue and are recognized in the year the taxes are collected by the State of Minnesota. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, SWT considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

MVST, farebox revenue, interest and grant funding associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by SWT.

Description of Funds:

Major Governmental Funds:

General Fund – This Fund is the general operating fund of SWT. It is used to account for all financial resources and transit operations except those required to be accounted for in another fund.

Capital and Equipment Capital Projects Fund – This Fund is used to account for financial resources dedicated to the capital and equipment purchases that are locally funded.

East Creek Station Capital Projects Fund – This Fund is used to account for financial resources dedicated to the addition of a new Park and Ride facility.

SWT Facilities Improvement Capital Projects Fund – This Fund is used to account for financial resources to be used to improve SWT facilities. Capital Project Funds are used to account for funds received through the Metropolitan Council (MC).

SWS Development Capital Projects Fund – This Fund is used to account for the accumulation of resources to be used for capital construction and maintenance on SWT's property, or future development activities.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

In 2001, the Minnesota Legislature amended the statutes providing for transit funding by eliminating property tax as the source of funding for transit systems operations and by dedicating a portion of the MVST to transit funding. These statutes dedicated 20.5% of the MVST to transit operations in the Twin Cities area effective July 1, 2002. Effective July 1, 2003, this increased to 21.5% of MVST. These funds are appropriated to the MC. The MC is then mandated to provide the requested financial assistance to suburban transit systems. The formula for distributing the funds to each transit system is contained in the statute.

The 2005 State Legislature passed a transportation appropriations bill that contained numerous funding initiatives, including a proposed constitutional amendment that would gradually dedicate all MVST revenue to transportation by 2012.

In 2006, the Minnesota voters passed the constitutional amendment on the November 7 ballot, 57% to 43%, according to the Secretary of State Office. The amendment changes the constitution so that 100% of the sales tax revenues on motor vehicles are dedicated to state-wide transportation improvement. The amendment calls for a phased-in transfer of the revenues over five years, with up to 60% of the dedicated funds going to state highways and local roads and at least 40% to public transit. This revenue is now referred to as regional allocated MVST.

The amendment provided that beginning in year 2008, 63.75% of MVST revenues would be dedicated to transportation, with the remainder going to the General Fund. The transportation percentage would rise 10% each year until reaching 100% in 2012. These percentages would be in addition to the allocation of MVST revenues in current law, and distribution of the incremental increase is controlled through a criteria set for by the MC.

The Minnesota Legislature enacted provisions that provide supplemental General Fund funding for transit through 2009. In 2010, SWT received \$ 1,025,000 additional revenue through regional allocated MVST generated by the constitutional amendment. In 2011 and 2012, SWT did not receive any regional allocated MVST due to policy changes on the allocation within the region to respond to the regional transit deficit.

Capital funding contracts between the federal government, Mn/DOT, the MC and SWT are designated for specific capital projects. These monies are available until the projects for which the funds were allocated are completed or until the end of the grant term, whichever occurs first.

When both restricted and unrestricted resources are available for use, it is SWT's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned fund balances are available for use, it is SWT policy to use fund balances in the following order: 1) committed, 2) assigned and 3) unassigned.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance

1. Cash and Investments

SWT's cash is considered to be cash on hand, deposits and highly liquid debt instruments. Investments are stated at fair value.

Minnesota Statutes requires that all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorizes SWT to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

The Minnesota Municipal Investment Pool is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

SWT has an investment policy in place that addresses interest rate risk, credit risk, concentration of credit risk and custodial credit risk as follows:

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of bank failure, SWT's deposits may not be returned to them. SWT retains federal securities as collateral for all bank deposits.

Interest Rate Risk: Managing exposure to fair value arising from changes in interest rates. SWT's investment policy does include specific limits on investment maturities as a means of managing its exposure to fair value arising from changes in interest rates. Investments will primarily be in shorter-term investments. The investment policy also states the portfolio must be structured so that securities mature concurrent with cash needs to meet anticipated demands.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SWT's investment policy addresses credit risk by limiting investments to the safest type of securities and using prequalifying brokers/financial institutions. SWT's investment policy refers to *Minnesota Statutes* 118A. State statutes limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk: Limits the amount SWT may invest in any one issuer. SWT's investment policy does place limit on the amount SWT may invest in any one issuer. With the exception of U.S. Treasury Securities and authorized pools, no more than 20% of SWT's total investment portfolio will be invested with a single financial institution unless SWT deposits in that institution are backed by U.S. guaranteed investments.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

1. Cash and Investments (Continued)

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, SWT will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

2. Receivables/Payables

Receivables include amounts due from the State of Minnesota through the MC for MVST collected but not received, the MC for farebox revenues and various capital grants and other local receivables. No allowance for doubtful accounts has been deemed necessary.

Amounts included in accounts payable include expenses incurred in 2012, but not paid until 2013 for subcontracted transit services and other operating expenses.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The treatment accorded prepaid expenditures in the governmental funds is the consumption method.

4. Inventory

- Vehicle parts inventory totaled \$ 341,431 at December 31, 2012 and is valued at cost using the first in, first out (FIFO) method and is accounted for using the consumption method.
- Land for resale – \$ 48,833 SouthWest Village land being held for resale.

5. Capital Assets

Capital assets, which include property, facilities, equipment, and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by SWT as assets with an initial, individual cost of more than \$ 5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold established for assets by category are as listed on the following page.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

5. Capital Assets (Continued)

<u>Asset Category</u>	<u>Threshold</u>
Land/Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings and Building Improvements	25,000
Machinery and Equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Construction in Progress (When Completed)	100,000
Intangible Assets	5,000
Other Assets	5,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized when they are placed in service.

Property, plant and equipment of SWT are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	7-40
Infrastructure	15-40
Other Improvements	10-20
Equipment, Machinery and Vehicles	3-15

6. Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

7. Compensated Absences

SWT compensates its employees for unused personal leave benefits in the event of separation. Compensated absences are recorded as expenditures in governmental funds only when obligations are expected to be liquidated with available expendable financial resources, reflected as a liability in governmental funds for employees that have retired but have yet to receive their entire compensated absence balances. Compensated absences are recorded as expenses in governmental activities when earned.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

9. Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which SWT is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balances** – Amounts that are not in a spendable form or are required to be maintained intact. Examples include prepaid items, inventory, land held for resale, and long-term receivables that are not otherwise restricted, committed, assigned, or offset by deferred revenue.
- **Restricted Fund Balances** – Amounts are subject to externally enforceable legal restrictions. Examples include fund balance related to unspent bond proceeds, tax increments, debt service fund balances, and park dedication fees.
- **Unrestricted Fund Balances** – The total of nonspendable fund balance, committed fund balance, assigned fund balance and unassigned fund balance.
- **Committed Fund Balances** – Amounts that are constrained by SouthWest Transit Commission resolution for a specific purpose. Fund balance commitment resolutions must be completed before December 31st to be effective for that year and remain in effect until the commitment is changed or eliminated by Commission resolution.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

9. Fund Balance (Continued)

- Assigned Fund Balances – Amounts a government intends to use for a specific purpose; intent can be expressed by the government body or by an official or body to which the governing body delegates the authority. This would include any remaining positive fund balance in all funds other than the General Fund. The SWT CEO or the Director of Administration or his/her designee shall have the authority to assign fund balance as defined by the SWT Commission approved Resolution 11-60 dated December 8, 2011.
- Unassigned Fund Balances – Residual amounts that are available for any purpose in the General Fund. Unassigned fund balance will occur only in the General Fund or in other funds when there is a negative fund balance that can't be eliminated by reducing restricted, committed or assigned fund balances.

SWT's target General Fund balance is a minimum of 35% to 40% of the annual operating budget.

10. Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

11. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented by fund types and in total in the fund financial statements and in the government-wide statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with this year's presentation.

12. Other Post-Employment Benefits (OPEB) Liabilities

The Commission continues to evaluate OPEB in accordance with GASB Statement No. 45. The annual required contribution (ARC) liability calculated was determined to be immaterial; therefore, no liability for OPEB has been recorded in the financial statements.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between net changes in fund balances, total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The detail of this \$ 1,365,580 difference is as shown as follows:

Capital Outlay	\$ 2,847,975
Depreciation Expense	<u>(1,482,395)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 1,365,580</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

SWT annually prepares, and the SWT Commission adopts, an operating budget for the funds listed below. The budget is prepared on a basis consistent with U.S. generally accepted accounting principles. *Minnesota Statutes* defines the source, method and allocation of a major portion of its funding. The level at which management cannot overspend the budget without the approval of the SWT Commission is at the fund level for all funds. All budget amendments are reviewed and approved by the SWT Commission. Budgeted amounts in the financial statements are as amended.

Capital projects budgets are prepared for existing and potential capital assets for a five year period through the Capital Improvement Program (CIP). Funding sources along with the timing of funding agreements (appropriations), revenue recognition and project expenditures are budgeted for each project.

In 2012, the SWT Commission adopted annual budgets for the following Funds:

- General Fund
- Capital and Equipment Capital Projects Fund
- East Creek Station Capital Projects Fund
- SWS Development Capital Projects Fund
- SouthWest Village Debt Service Fund
- Chaska Garage Capital Projects Fund
- Chanhassen Transit Station Capital Projects Fund

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

B. Appropriation Control

The original 2012 budget was adopted by the SWT Commission on November 2, 2011. A budget amendment was completed on December 6, 2012. The budget amendment included the approved fund transfers as noted on Note 5.B. on page 49 of this report.

The Commission was updated throughout the year on the General Fund activity. Expenditures were contained below budget primary due to the reduced cost of transit service and vehicle maintenance operations. Revenue from the interagency receivable for \$ 1.3 million was not executed until the end of 2012, thus was not included in the budget amendment. This resulted in a General Fund budget to actual positive variance of \$ 1,842,837.

The General Fund balance increased in 2012 primarily due to \$ 1.3 million interagency receivable received at the end of 2012 somewhat offset by the use of fund balance for transit service and vehicle maintenance operations. The net increase to the General Fund balance in 2012 was \$ 1,179,598, before a transfer out in the amount of \$ 300,000 as noted on Note 5.B. on page 49 of this report.

Appropriation control is managed for all of SWT annual adopted budgets.

Capital Project Funds that were completely funded with grant proceeds in 2012 were alternatively controlled through the grant provisions.

Capital Project Fund budgets showed a number of fluctuations from actual to budgeted revenues based on changes in the timing of projects. All funds maintained a positive fund balance with approved fund transfers as noted on Note 5.B. on page 49 of this report.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Deposits

As of December 31, 2012, SWT's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with pledged federal securities held by the pledging financial institution's trust department or agent and in SWT's name.

Checking	\$ 104,008
Savings	434,326
Certificates of Deposit	<u>2,350,000</u>
Total Deposits	<u><u>\$ 2,888,334</u></u>

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 4 – DEPOSITS AND INVESTMENTS

B. Investments

As of December 31, 2012, SWT had the following investments:

Investment Type	Fair Value	Investment Maturities			Ratings
		6 Months or Less	6 Months to 1 Year	1 Year to 3 Years	
4M - External Investment Pool	\$ 1,620,251	\$ 1,620,251	\$ -	\$ -	NR
Total	<u>\$ 1,620,251</u>	<u>\$ 1,620,251</u>	<u>\$ -</u>	<u>\$ -</u>	
	<u>Maturity</u>			<u>Maximum Investments</u>	
	6 Months or Less			100%	
	6 Months to 1 Year			0%	
	1 Year to 3 Years			0%	

NR – Not Rated

Custodial Credit Risk – Deposits: As of December 31, 2012, SWT’s certificates of deposit were not exposed to custodial credit risk because they were fully insured through the FDIC and collateralized with securities held in SWT’s name.

Custodial Credit Risk – Investments: As of December 31, 2012, all investments of SWT were insured, registered and held by SWT or its agent in SWT’s name.

Credit Rate Risk: As of December 31, 2012, SWT’s investment in the 4M Fund is regulated by *Minnesota Statutes* and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an unrated 2.a.7 like pool and the fair value of the position in the pool is the same as the value of pool shares.

See Note 1.D.1. on page 40-41 for discussion on interest rate risk.

Concentration of Credit Risk: SWT complied with its policy by not investing more than 20% of SWT’s portfolio in a single financial institution unless SWT deposits in that institution are backed by U.S. guaranteed investments. The 4M Fund is allowed up to 50% of the cash and investment portfolio. SWT’s investment policy places no limit on any obligation issued or guaranteed by any agency of the United States.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 4 – DEPOSITS AND INVESTMENTS

B. Investments (Continued)

The following is a summary of total deposits and investments:

Deposits (Note 4.A.)	\$ 2,888,334
Investments	1,620,251
Petty Cash	<u>400</u>
 Total Deposits and Investments	 <u><u>\$ 4,508,985</u></u>

Deposits and investments are presented in the December 31, 2012 basic financial statements as follows:

Statement of Net Position:	
Cash and Investments	<u><u>\$ 4,508,985</u></u>

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

The composition of interfund balances as of December 31, 2012 follows:

	<u>Due from Other Funds General Fund</u>
Due to Other Funds:	
SWT Facilities Improvement	\$ 177,569
SWT Buses	103,200
SW Village Debt Service	<u>82,585</u>
 Total	 <u><u>\$ 363,354</u></u>

The above transactions were made to cover deficit cash balances.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

B. Interfund Transfers

The composition of interfund transfers as of December 31, 2012 follows:

	Transfer In		Total
	East Creek Station Capital Projects Fund	Capital & Equipment Capital Projects Fund	
Transfer Out:			
General Fund	\$ 300,000	\$ -	\$ 300,000
Capital and Equipment - Capital Projects Fund	250,000	-	250,000
Nonmajor Governmental Funds	-	562,454	562,454
Total Transfers	<u>\$ 550,000</u>	<u>\$ 562,454</u>	<u>\$ 1,112,454</u>

The \$ 250,000 transfer was to provide a funding source for East Creek Station. This action was approved by the SWT Commission on November 2, 2011.

The \$ 300,000 transfer from the General Fund was to provide additional funding to the East Creek Station. This action was approved by SWT Commission on December 6, 2012.

The \$ 562,454 transfer from the Chanhassen Station Fund was to close that fund at the completion of the construction of the station and transfer the balance to the Capital and Equipment Fund. This action was approved by SWT Commission on December 6, 2012.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 3,804,820	\$ -	\$ -	\$ 3,804,820
Construction in Progress	3,117,685	2,661,475	-	5,779,160
Total Capital Assets not being Depreciated	<u>6,922,505</u>	<u>2,661,475</u>	<u>-</u>	<u>9,583,980</u>
Capital Assets being Depreciated:				
Buildings and Facilities	12,302,934	-	-	12,302,934
Bus Equipment	126,034	-	(22,114)	103,920
Equipment and Software	958,454	25,000	-	983,454
Furniture	24,455	-	-	24,455
Land Improvements	1,507,829	-	-	1,507,829
Park and Ride Facilities	30,502,754	-	(1,225,265)	29,277,489
Transit Hub Facilities	1,334,210	94,177	-	1,428,387
Vehicles	67,878	67,323	-	135,201
Total Capital Assets being Depreciated	<u>46,824,548</u>	<u>186,500</u>	<u>(1,247,379)</u>	<u>45,763,669</u>
Total Capital Assets, Cost	53,747,053	2,847,975	(1,247,379)	55,347,649
Less Accumulated Depreciation for:				
Buildings and Facilities	3,551,144	343,570	-	3,894,714
Bus Equipment	118,128	1,416	(22,114)	97,430
Equipment and Software	479,158	98,117	-	577,275
Furniture	15,437	2,538	-	17,975
Land Improvements	423,392	77,351	-	500,743
Park and Ride Facilities	3,971,223	880,130	(362,346)	4,489,007
Transit Hub Facilities	881,981	75,535	-	957,516
Vehicles	67,878	3,738	-	71,616
Total Accumulated Depreciation	<u>9,508,341</u>	<u>1,482,395</u>	<u>(384,460)</u>	<u>10,606,276</u>
Total Capital Assets being Depreciated, Net	<u>37,316,207</u>	<u>(1,295,895)</u>	<u>(862,919)</u>	<u>35,157,393</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,238,712</u>	<u>\$ 1,365,580</u>	<u>\$ (862,919)</u>	<u>\$ 44,741,373</u>

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 6 – CAPITAL ASSETS

Depreciation expense was charged to functions/programs of SWT as follows:

Governmental Activities:		
Buildings and Grounds	\$	1,428,536
Operations and Vehicle Maintenance		47,913
General Government		<u>5,946</u>
Total Depreciation Expenses - Governmental Activities	<u>\$</u>	<u>1,482,395</u>

Capital asset activity by program/function for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Cost:				
Buildings and Grounds	\$ 53,179,525	\$ 2,770,552	\$ (1,225,265)	\$ 54,724,812
Operations and Vehicle Maintenance	510,008	77,423	(22,114)	565,317
General Government	57,520	-	-	57,520
Total Capital Assets, Cost	<u>53,747,053</u>	<u>2,847,975</u>	<u>(1,247,379)</u>	<u>55,347,649</u>
Less Accumulated Depreciation for:				
Buildings and Grounds	9,014,967	1,428,536	(362,346)	10,081,157
Operations and Vehicle Maintenance	460,412	47,913	(22,114)	486,211
General Government	32,962	5,946	-	38,908
Total Accumulated Depreciation	<u>9,508,341</u>	<u>1,482,395</u>	<u>(384,460)</u>	<u>10,606,276</u>
Governmental Activities, Capital Assets, Net	<u>\$ 44,238,712</u>	<u>\$ 1,365,580</u>	<u>\$ (862,919)</u>	<u>\$ 44,741,373</u>

SWT's 60 transit service buses are owned by the MC and thus are not reflected in SWT's assets.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 7 – FUND BALANCES/NET POSITION

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities or as required by other outside parties.

A. Fund Balance

Fund equity balances are classified below to reflect the limitations and restrictions of the respective funds.

	General Fund	Capital and Equipment	SWS Development Capital	East Creek Station	Nonmajor Funds	Total
Nonspendable:						
Inventory	\$ 341,431	\$ -	\$ -	\$ -	\$ -	\$ 341,431
Prepaid Items	136,286	-	-	-	-	136,286
Total Nonspendable	<u>477,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,717</u>
Committed for:						
Debt Service	\$ -	-	\$ -	\$ -	\$ 14,279	\$ 14,279
Assigned to:						
Capital & Equipment Purchases	\$ -	\$ 1,294,926	-	\$ -	\$ -	\$ 1,294,926
Development Capital Expenditures	-	-	1,835,734	-	-	1,835,734
East Creek Station Capital Construction	-	-	-	836,736	-	836,736
Total Assigned	<u>-</u>	<u>1,294,926</u>	<u>1,835,734</u>	<u>836,736</u>	<u>-</u>	<u>3,967,396</u>
Unassigned	<u>\$ 2,812,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,812,949</u>
Total Fund Balance	<u>\$ 3,290,666</u>	<u>\$ 1,294,926</u>	<u>\$ 1,835,734</u>	<u>\$ 836,736</u>	<u>\$ 14,279</u>	<u>\$ 7,272,341</u>

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 8 – LONG-TERM DEBT

A. Capital Leases

In August 2008, SWT entered into a capital lease agreement to fund a portion of the construction of SouthWest Village parking ramp and passenger waiting station in the amount of \$ 3,500,000.

The agreement requires fixed semiannual payments in the amount of \$ 85,543 each. Interest is at 4.76% through October 2028. Following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at December 31, 2012:

Capital lease currently outstanding is as follows:

Purpose	Interest Rate	Amount
SouthWest Village Parking Ramp	4.76%	\$ 1,901,449

The future minimum lease obligations and net present value of these minimum lease payments as of December 31, 2012 were as follows:

Year Ended December 31,	Governmental Activities
2013	\$ 171,086
2014	171,085
2015	171,086
2016	171,085
2017	171,086
2018-2022	855,427
2023-2027	855,428
2028	171,085
Total Minimum Lease Payments	2,737,368
Less Interest	(835,919)
Present Value of Minimum Lease Payments	\$ 1,901,449

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 8 – LONG-TERM DEBT

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Leases Payable:					
SouthWest Village Parking Ramp	\$ 1,979,303	\$ -	\$ 77,854	\$ 1,901,449	\$ 81,602
Compensated Absences	<u>106,227</u>	<u>122,181</u>	<u>109,858</u>	<u>118,550</u>	<u>100,768</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 2,085,530</u>	<u>\$ 122,181</u>	<u>\$ 187,712</u>	<u>\$ 2,019,999</u>	<u>\$ 182,370</u>

The General Fund typically liquidates the liability related to compensated absences. The Debt Service Funds typically liquidates the liability related to the lease.

NOTE 9 – RISK MANAGEMENT

SWT is exposed to various risk of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In order to protect against these risks of loss, SWT purchases commercial insurance through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool. The LMCIT currently operates common risk management and insurance programs for municipal entities. SWT pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self sustaining through commercial companies for excess claims. SWT is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

SWT's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience, workers' compensation rates and salaries for the year are known. The final premium adjustment is in the year the adjustment is made.

During the year ended December 31, 2012, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded SWT's coverage in any of the past three years.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 10 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Public Employees’ Retirement Association

A. Plan Description

All full-time and certain part-time employees of SWT are covered by defined benefit plans administered by the Public Employees’ Retirement Association of Minnesota (PERA). PERA administers the General Employees’ Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This Plan is established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356.

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. SWT employees are members of the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service (60 months for members hired after June 2010). The defined retirement benefits are based on a member’s highest average salary for any five successive years of allowable service, age and years of credit at termination of service.

Two methods are used to compute benefits for PERA’s Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the Fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active Plan participants. Vested, terminated employees, who are entitled to benefits but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 10 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERP. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State Legislature. SWT makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2012. In 2012, SWT was required to contribute 7.25% for Coordinated Plan members. SWT's contributions to the Public Employees' Retirement Fund for the years ending December 31, 2012, 2011 and 2010 were \$ 99,009, \$ 105,165 and \$ 101,266, respectively. SWT's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

In May 1999, SWT entered into a transit service contract with a service provider for a term of 60 months for purposes of delivering bus services in connection with its express and local route service. SWT extended this contract four times in a subcontract agreement containing contract termination options available to SWT. Payments to the transit provider are contingent upon the actual level of services rendered, using rates established in the contract's agreement. The current contract will expire December 31, 2015.

SWT participates in the Replacement Service Program and Capital Funding Agreement administered by the MC. To the extent that program expenditures may be disallowed as a result of a program compliance audit, a liability to the MC would result.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 11 – COMMITMENTS AND CONTINGENCIES

SWT has both active engineering and construction project consultant commitments and operating commitments as of December 31, 2012. At year-end, SWT's commitments with contractors were as follows:

<u>Engineering/Construction</u>	<u>Project</u>	<u>Amount</u>
AP Midwest LLC	Construction - East Creek Station	\$ 5,821,435
Walker Parking Consultants	Consultant - East Creek Station	66,371
LSA Design, Inc.	Consultant - East Creek Station	65,691
Eframe, LLC	Consultant - IT Consultant	20,490
<u>Transit Operating Services</u>	<u>Estimated Commitment at December 31, 2012</u>	<u>Expiration Date</u>
First Transit Services	\$ 2.8 million	December 31, 2013

First Transit Service's contract may be terminated with 30 days written notice. The SWT Commission did approve a continuation of this contract through December 31, 2015 on March 29, 2012.

NOTE 12 – SUBSEQUENT EVENTS

SWT has evaluated subsequent events through May 8, 2013 the date which the financial statements were available to be issued.

On April 11, 2013, SWT approved an Energy Savings Lease/Purchase Agreement in the amount of \$ 1,000,000. Principal and interest payments begin October 11, 2013 with final maturity on April 11, 2028.

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2012, SWT implemented GASB Statement No. 63. This action resulted in the establishment of categories outside of assets and liabilities titled deferred outflows and deferred inflows, if applicable. The Statement also retitled Net Assets as Net Position.

NOTE 14 – GASB STATEMENTS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes standards of financial reporting for deferred outflows and deferred inflows as established by GASB Statement No. 63. This statement will also eliminate the recognition of deferred charges associated with bond issuances. This Statement will be effective for the year ending December 31, 2013

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement will be effective for the year ending December 31, 2015.



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012
(With Comparative Totals for December 31, 2011)**

	Debt Service		
	SW Village Debt	Total	
		2012	2011
ASSETS:			
Cash and Investments	\$ 19,924	\$ 19,924	\$ 34,080
Interest Receivable	-	-	-
Intergovernmental Receivable	76,940	76,940	74,279
Total Assets	\$ 96,864	\$ 96,864	\$ 108,359
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts and Contracts Payable	\$ -	\$ -	\$ -
Retainage Payable	-	-	-
Due to Other Funds	82,585	82,585	-
Total Liabilities	82,585	82,585	-
Fund Balances:			
Committed	14,279	14,279	108,359
Assigned	-	-	-
Total Fund Balances	14,279	14,279	108,359
Total Liabilities and Fund Balances	\$ 96,864	\$ 96,864	\$ 108,359

Capital Projects			Total Nonmajor Governmental Funds	
SWT Buses	Total		2012	2011
	2012	2011		
\$ -	\$ -	\$ 1,070,664	\$ 19,924	\$ 1,104,744
-	-	68	-	68
<u>103,200</u>	<u>103,200</u>	<u>28,385</u>	<u>180,140</u>	<u>102,664</u>
<u>\$ 103,200</u>	<u>\$ 103,200</u>	<u>\$ 1,099,117</u>	<u>\$ 200,064</u>	<u>\$ 1,207,476</u>
\$ -	\$ -	\$ 458,341	\$ -	\$ 458,341
-	-	30,000	-	30,000
<u>103,200</u>	<u>103,200</u>	<u>-</u>	<u>185,785</u>	<u>-</u>
<u>103,200</u>	<u>103,200</u>	<u>488,341</u>	<u>185,785</u>	<u>488,341</u>
-	-	-	14,279	108,359
-	-	610,776	-	610,776
<u>-</u>	<u>-</u>	<u>610,776</u>	<u>14,279</u>	<u>719,135</u>
<u>\$ 103,200</u>	<u>\$ 103,200</u>	<u>\$ 1,099,117</u>	<u>\$ 200,064</u>	<u>\$ 1,207,476</u>

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

(With Comparative Totals for the Year Ended December 31, 2011)

	Debt Service		
	SW Village	Total	
	Debt Service	2012	2011
REVENUES:			
Intergovernmental - Federal	\$ -	\$ -	\$ -
Intergovernmental - State	76,940	76,940	74,279
Investment Income	66	66	291
Other Local Revenue	-	-	-
Total Revenues	77,006	77,006	74,570
EXPENDITURES:			
Debt Service:			
Principal Retirement	77,855	77,855	74,280
Interest and Agency Fees	93,231	93,231	96,805
Capital Outlay:			
Buildings and Grounds	-	-	-
Operations and Vehicle Maintenance	-	-	-
Total Expenditures	171,086	171,086	171,085
Excess of Revenues Over (Under) Expenditures	(94,080)	(94,080)	(96,515)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(94,080)	(94,080)	(96,515)
FUND BALANCES:			
Beginning of Year	108,359	108,359	204,874
End of Year	\$ 14,279	\$ 14,279	\$ 108,359

Capital Projects						
SWT Buses	Chaska Garage	Chanhassen Transit Station	Total		Total Nonmajor Governmental Funds	
			2012	2011	2012	2011
\$ -	\$ -	\$ -	\$ -	\$ 3,691,904	\$ -	\$ 3,691,904
513,775	-	-	513,775	1,012,415	590,715	1,086,694
-	90	2,513	2,603	6,464	2,669	6,755
-	-	-	-	34,949	-	34,949
<u>513,775</u>	<u>90</u>	<u>2,513</u>	<u>516,378</u>	<u>4,745,732</u>	<u>593,384</u>	<u>4,820,302</u>
-	-	-	-	-	77,855	74,280
-	-	-	-	-	93,231	96,805
-	25,856	25,069	50,925	5,449,358	50,925	5,449,358
513,775	-	-	513,775	19,028	513,775	19,028
<u>513,775</u>	<u>25,856</u>	<u>25,069</u>	<u>564,700</u>	<u>5,468,386</u>	<u>735,786</u>	<u>5,639,471</u>
-	(25,766)	(22,556)	(48,322)	(722,654)	(142,402)	(819,169)
-	-	-	-	1,300,000	-	1,300,000
-	-	(562,454)	(562,454)	-	(562,454)	-
-	-	(562,454)	(562,454)	1,300,000	(562,454)	1,300,000
-	(25,766)	(585,010)	(610,776)	577,346	(704,856)	480,831
-	25,766	585,010	610,776	33,430	719,135	238,304
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,776</u>	<u>\$ 14,279</u>	<u>\$ 719,135</u>

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL AND EQUIPMENT CAPITAL PROJECTS FUND
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
REVENUES:				
Investment Income	\$ 5,000	\$ 10,000	\$ 13,480	\$ 3,480
EXPENDITURES:				
Capital Outlay:				
General Government	37,000	37,000	25,759	(11,241)
Buildings and Grounds	19,500	115,275	114,749	(526)
Total Expenditures	56,500	152,275	140,508	(11,767)
Excess of Revenues Over (Under) Expenditures	(51,500)	(142,275)	(127,028)	15,247
OTHER FINANCING SOURCES (USES):				
Transfers In	-	562,454	562,454	-
Transfers Out	(250,000)	(250,000)	(250,000)	-
Total Other Financing Sources (Uses)	(250,000)	312,454	312,454	-
Net Change in Fund Balances	\$ (301,500)	\$ 170,179	185,426	\$ 15,247
FUND BALANCES:				
Beginning of Year			1,109,500	
End of Year			\$ 1,294,926	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
EAST CREEK STATION CAPITAL PROJECTS FUND
For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental - Federal	\$ 7,828,783	\$ 3,914,392	\$ 1,624,452	\$(2,289,940)
Intergovernmental - State	1,957,195	978,598	706,112	(272,486)
Investment Income	-	200	278	78
Total Revenues	<u>9,785,978</u>	<u>4,893,190</u>	<u>2,330,842</u>	<u>(2,562,348)</u>
EXPENDITURES:				
Capital Outlay:				
Buildings and Grounds	<u>10,035,978</u>	<u>5,447,989</u>	<u>2,510,818</u>	<u>(2,937,171)</u>
Excess of Revenues Over (Under) Expenditures	(250,000)	(554,799)	(179,976)	374,823
OTHER FINANCING SOURCES:				
Transfers In	<u>250,000</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (4,799)</u>	370,024	<u>\$ 374,823</u>
FUND BALANCES:				
Beginning of Year			<u>466,712</u>	
End of Year			<u>\$ 836,736</u>	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
SWS DEVELOPMENT CAPITAL PROJECTS FUND
For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Special Assessments	\$ 4,460	\$ 4,460	\$ 4,460	\$ -
Investment Income	8,000	10,000	12,011	2,011
Other Local Revenue	-	110,000	125,812	15,812
Total Revenues	<u>12,460</u>	<u>124,460</u>	<u>142,283</u>	<u>17,823</u>
EXPENDITURES:				
Current:				
General Government	21,560	21,680	20,571	(1,109)
Buildings and Grounds	50,000	30,000	19,148	(10,852)
Total Expenditures	<u>71,560</u>	<u>51,680</u>	<u>39,719</u>	<u>(11,961)</u>
Net Change in Fund Balances	<u>\$ (59,100)</u>	<u>\$ 72,780</u>	102,564	<u>\$ 29,784</u>
FUND BALANCES:				
Beginning of Year			<u>1,733,170</u>	
End of Year			<u>\$ 1,835,734</u>	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
SOUTHWEST VILLAGE DEBT SERVICE FUND
For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental - State	\$ 74,280	\$ 76,940	\$ 76,940	\$ -
Investment Income	-	100	66	(34)
Total Revenues	<u>74,280</u>	<u>77,040</u>	<u>77,006</u>	<u>(34)</u>
EXPENDITURES:				
Debt Service:				
Principal Retirement	74,280	77,900	77,855	(45)
Interest and Agency Fees	<u>96,800</u>	<u>93,300</u>	<u>93,231</u>	<u>(69)</u>
Total Expenditures	<u>171,080</u>	<u>171,200</u>	<u>171,086</u>	<u>(114)</u>
Net Change in Fund Balances	<u>\$ (96,800)</u>	<u>\$ (94,160)</u>	(94,080)	<u>\$ 80</u>
FUND BALANCES:				
Beginning of Year			<u>108,359</u>	
End of Year			<u>\$ 14,279</u>	

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
CHASKA GARAGE CAPITAL PROJECTS FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
REVENUES:				
Investment Income	\$ -	\$ 100	\$ 90	\$ (10)
EXPENDITURES:				
Capital Outlay:				
Buildings and Grounds	24,773	25,866	25,856	(10)
Net Change in Fund Balances	\$ (24,773)	\$ (25,766)	(25,766)	\$ -
FUND BALANCES:				
Beginning of Year			25,766	
End of Year			\$ -	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
CHANHASSEN TRANSIT STATION CAPITAL PROJECTS FUND
For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment Income	<u>\$ -</u>	<u>\$ 2,513</u>	<u>\$ 2,513</u>	<u>\$ -</u>
EXPENDITURES:				
Capital Outlay:				
Buildings and Grounds	<u>-</u>	<u>25,069</u>	<u>25,069</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	(22,556)	(22,556)	-
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>-</u>	<u>(562,454)</u>	<u>(562,454)</u>	<u>-</u>
Net Change in Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ (585,010)</u></u>	<u>(585,010)</u>	<u><u>\$ -</u></u>
FUND BALANCES:				
Beginning of Year			<u>585,010</u>	
End of Year			<u><u>\$ -</u></u>	

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**SCHEDULE OF CAPITAL PROJECTS -
BUDGET AND ACTUAL
(Unaudited)
Year Ended December 31, 2012**

Project	Status	Budget/Grant Award	Expenditures		Amount Remaining
			2012	Cumulative	
SWT East Creek Station - CMAQ Federal	Incomplete	\$ 7,828,783	\$1,624,452	\$1,624,452	\$6,204,331
SWT East Creek Station - Local Match	Incomplete	1,957,196	406,112	406,112	1,551,084
SWT SW Station Soil Erosion Repair	Complete	100,000	24,447	100,000	-
SWT Facilities Improvements	Complete	150,000	136,569	136,569	13,431
SWT Village Stairwell	Complete	16,000	16,000	16,000	-
SWT Network Server Update	Complete	25,000	25,000	25,000	-
SWT Chanhassen Transit & East Creek Station	Complete	1,600,000	1,600,000	1,600,000	-
SWT Midlife Bus Rehabilitations	Complete	350,000	327,084	346,112	3,888
SWT Midlife Bus Rehabilitations	Incomplete	210,000	131,691	131,691	78,309
SWT Service Vehicle	Complete	55,000	55,000	55,000	-
SWT SW Village Debt Principal only	Complete	76,940	76,940	76,940	-
Total		<u>\$12,368,919</u>	<u>\$4,423,295</u>	<u>\$4,517,876</u>	<u>\$7,851,043</u>

STATISTICAL SECTION



**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

**STATISTICAL SECTION
December 31, 2012
(Unaudited)**

This part of SWT's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about SWT's overall financial health. The following are the categories of the various schedules that are included in this section.

Financial Trends – These schedules contain trend information to help the reader understand how SWT's financial performance and well being have changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity – These schedules contain information to help the reader assess SWT's most significant local revenue source Motor Vehicle Sales Tax (MVST) and passenger fares. In 2002, the main source of revenue shifted from property tax to MVST. The agency does not control the amount of MVST it receives. The allocation is both controlled through state statute and a portion is controlled through the Metropolitan Council. SWT no longer receives any property tax. Passenger fares are controlled through a regional fare policy.

Debt Capacity – These schedules present information to help the reader assess the affordability of SWT's current level of outstanding debt and SWT's ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which SWT's financial activities take place.

- Demographic and Economic Statistics
- Principal Employers

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in SWT's financial report relates to the services the government provides and the activities it performs.

- Full-Time Equivalent SWT Employees by Function
- Operating Statistics
- Capital Assets Statistics by Function/Program
- Farebox Recovery Percentage and Fare Structure

Sources: Unless otherwise noted, the information in these schedules is derived from the CAFR for the relevant year. SWT implemented GASB Statement No. 34 in calendar year 2004. SWT has chosen to provide information for that year forward. Ultimately, these schedules will contain information for the last 10 years.



SOUTHWEST TRANSIT
Eden Prairie, Minnesota

Table 1

NET POSITION BY COMPONENT
Last 10 Fiscal Years
(Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES:										
Net Investment in Capital Assets	\$ 37,303,306	\$ 29,940,973	\$ 28,878,167	\$ 29,707,719	\$ 35,260,145	\$ 34,508,142	\$ 38,725,890	\$ 37,899,258	\$ 42,259,409	\$ 42,839,924
Restricted	9,667,253	1,889,308	1,948,672	1,951,754	411,802	272,373	-	-	-	-
Unrestricted	1,054,291	8,844,412	9,651,304	10,113,869	12,484,598	13,678,490	8,976,146	7,451,754	6,390,003	7,206,773
Total Governmental Activities	\$ 48,024,850	\$ 40,674,693	\$ 40,478,143	\$ 41,773,342	\$ 48,156,545	\$ 48,459,005	\$ 47,702,036	\$ 45,351,012	\$ 48,649,412	\$ 50,046,697
Net Position										

Source: SouthWest Transit financial records

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 2

**CHANGES IN NET POSITION
Last Nine Fiscal Years
(Unaudited)**

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES:									
Governmental Activities:									
General Government	\$ 916,059	\$ 1,063,292	\$ 931,656	\$ 1,051,001	\$ 923,387	\$ 965,247	\$ 942,499	\$ 915,019	\$ 907,404
Buildings and Grounds	1,255,399	1,939,256	1,627,764	1,578,148	1,896,460	1,813,461	2,266,249	2,578,591	3,532,084
Operations and Vehicle Maintenance	5,132,141	6,249,803	9,920,687	10,524,049	7,914,744	7,214,505	5,663,462	5,695,536	6,338,270
Interest on Long-Term Debt	154,363	142,155	139,156	93,607	146,473	182,213	147,225	95,793	92,435
Total Governmental Activities	\$ 7,457,962	\$ 9,394,506	\$ 12,619,263	\$ 13,246,805	\$ 10,881,064	\$ 10,175,426	\$ 9,019,435	\$ 9,284,939	\$ 10,870,193
PROGRAM REVENUES:									
Governmental Activities:									
Charges for Services:									
Passenger Fares	\$ 1,414,596	\$ 1,642,456	\$ 1,943,300	\$ 2,225,885	\$ 2,608,964	\$ 2,478,158	\$ 2,435,034	\$ 2,511,362	\$ 2,653,940
Operating Grants and Contributions	124,729	-	-	431,883	-	-	-	-	-
Capital Grants and Contributions	3,335,701	1,324,761	5,973,200	10,175,073	1,473,028	1,583,048	2,918,338	4,977,911	4,346,355
Total Governmental Activities	\$ 4,875,026	\$ 2,967,217	\$ 7,916,500	\$ 12,832,841	\$ 4,081,992	\$ 4,061,206	\$ 5,353,372	\$ 7,489,273	\$ 7,000,295
NET EXPENSE:									
Governmental Activities	\$ (2,582,936)	\$ (6,427,289)	\$ (4,702,763)	\$ (413,964)	\$ (6,799,072)	\$ (6,114,220)	\$ (3,666,063)	\$ (1,795,666)	\$ (3,869,898)
GENERAL REVENUE AND OTHER									
CHANGES IN NET POSITION:									
Governmental Activities:									
Property Taxes	\$ 3,134	\$ 2,186	\$ 468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Intergovernmental Revenue	5,327,051	5,826,942	5,325,774	6,163,065	6,243,951	5,164,815	5,248,837	4,885,269	5,042,264
Unrestricted Investment Earnings	131,279	276,062	508,434	577,021	419,026	180,141	123,298	66,291	31,661
Other Local Revenue	66,900	2,006	3,175	57,081	438,555	12,295	45,923	142,506	193,258
Special Item ¹	-	-	-	-	-	-	(4,103,019)	-	-
Total Governmental Activities	\$ 5,528,364	\$ 6,107,196	\$ 5,837,851	\$ 6,797,167	\$ 7,101,532	\$ 5,357,251	\$ 1,315,039	\$ 5,094,066	\$ 5,267,183
CHANGES IN NET POSITION:									
Governmental Activities	\$ 2,945,428	\$ (320,093)	\$ 1,135,088	\$ 6,383,203	\$ 302,460	\$ (756,969)	\$ (2,351,024)	\$ 3,298,400	\$ 1,397,285

* Changes in net position are not available for years prior to 2004

¹ SWT purchased transit service vehicles until 2010 with federal, state and local grants. The issue of where the title was held was not addressed in all grants. However, some of the more recent grants indicated the title should remain the regional transit planning agency, the MC. In 2010, the MC enacted a new fleet management procedure to provide clarification and consistency on regional fleet replacement capital cost and maintenance responsibilities.

Management recommended and the SWT Commission approved a transfer of title of 32 revenue service vehicles to the MC on February 25, 2010. The vehicles were then incorporated into the current master lease agreement and leased back to SWT for transit operations at no cost. The Commission believed the transfer was in the best interest of the agency to ensure future major repairs on all current transit vehicles was a regional cost and not a cost of SWT transit operations. As a result, these 32 buses and related equipment were disposed from capital asset records of SWT, causing a loss of \$ 4,103,019.

Source: SouthWest Transit financial records

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 3

**FUND BALANCES OF GOVERNMENTAL FUNDS
Last 10 Fiscal Years
(Unaudited)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL FUND:										
Reserved	\$ 7,218,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,828	\$ 134,017	\$ -	\$ -
Unreserved	-	7,801,143	6,314,371	6,947,250	7,722,335	8,226,388	4,714,182	3,705,601	-	-
Nonspendable	-	-	-	-	-	-	-	-	435,133	477,717
Unassigned	-	-	-	-	-	-	-	-	1,975,935	2,812,949
Total General Fund	\$ 7,218,137	\$ 7,801,143	\$ 6,314,371	\$ 6,947,250	\$ 7,722,335	\$ 8,226,388	\$ 4,845,010	\$ 3,839,618	\$ 2,411,068	\$ 3,290,666
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved	\$ 2,337,728	\$ 1,957,875	\$ 2,011,397	\$ 1,951,754	\$ -	\$ -	\$ 5,075	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	1,165,679	1,028,437	393,160	168,283	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	396,710	326,573	503,371	204,874	-	-
Capital Projects Funds	-	-	2,951,724	3,023,230	4,795,274	5,493,384	3,678,010	3,439,427	-	-
Nonspendable	-	-	-	-	-	-	-	-	2,516	-
Committed	-	-	-	-	-	-	-	-	108,359	14,279
Assigned	-	-	-	-	-	-	-	-	3,917,642	3,967,396
Total All Other Governmental Funds	\$ 3,503,407	\$ 2,986,312	\$ 5,356,281	\$ 5,143,267	\$ 5,191,984	\$ 5,819,957	\$ 4,186,456	\$ 3,644,301	\$ 4,028,517	\$ 3,981,675

Source: SouthWest Transit financial records

Note: SWT implemented GASB Statement No. 54 in 2011, resulting in a change in fund balance classifications.

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

Table 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last 10 Fiscal Years
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
REVENUES:				
Intergovernmental - Federal	\$ 789,525	\$ 2,910,472	\$ 320,135	\$ 511,154
Intergovernmental - State	9,243,872	5,877,009	6,831,568	10,787,820
Property Tax	4,563	3,134	2,186	468
Passenger Fares	1,100,693	1,414,596	1,642,456	1,943,300
Investment Income	176,083	131,279	276,062	508,434
Special Assessments	-	4,460	4,460	4,460
Other Local Revenue	6,351	-	2,006	3,175
Total Revenues	<u>11,321,087</u>	<u>10,340,950</u>	<u>9,078,873</u>	<u>13,758,811</u>
EXPENDITURES:				
General Government	746,957	902,418	1,033,423	918,562
Buildings and Grounds	527,126	547,316	704,014	789,319
Operations and Vehicle Maintenance	3,571,060	4,137,303	4,738,093	5,384,905
Capital Outlay	4,798,597	4,287,785	1,319,977	5,403,227
Debt Service:				
Principal	680,781	240,606	252,171	801,163
Interest and Agency Fees	199,775	159,611	147,998	201,881
Total Expenditures	<u>10,524,296</u>	<u>10,275,039</u>	<u>8,195,676</u>	<u>13,499,057</u>
Excess of Revenues Over (Under) Expenditures	796,791	65,911	883,197	259,754
OTHER FINANCING SOURCES (USES):				
Transfers In	634,710	694,263	3,694,263	-
Transfers Out	(634,710)	(694,263)	(3,694,263)	-
Issuance of Capital Lease	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 796,791</u>	<u>\$ 65,911</u>	<u>\$ 883,197</u>	<u>\$ 259,754</u>
Debt Service as a Percent of Noncapital Expenditures	15.4%	6.7%	5.8%	12.4%

Source: SouthWest Transit financial records

Table 4
(Continued)

2007	2008	2009	2010	2011	2012
\$ 4,298,741	\$ 782,649	\$ 277,413	\$ 2,010,236	\$ 3,691,904	\$ 1,624,452
12,471,280	6,934,330	6,470,450	6,156,939	6,171,276	7,764,167
-	-	-	-	-	-
2,225,885	2,608,964	2,478,158	2,435,034	2,456,452	2,528,315
577,021	419,026	180,141	123,298	66,291	31,661
4,460	4,460	4,460	4,460	4,460	4,460
8,248	438,555	12,295	45,923	197,416	318,883
<u>19,585,635</u>	<u>11,187,984</u>	<u>9,422,917</u>	<u>10,775,890</u>	<u>12,587,799</u>	<u>12,271,938</u>
1,039,377	917,899	932,506	899,429	909,005	845,869
1,247,072	1,096,339	913,956	935,521	1,046,154	1,142,476
6,062,575	6,713,839	5,888,367	5,674,292	5,615,668	5,836,559
9,812,821	4,060,393	5,673,400	3,129,796	5,890,221	3,443,192
540,122	690,307	786,672	1,519,243	74,280	77,855
59,866	77,181	242,895	165,156	96,805	93,231
<u>18,761,833</u>	<u>13,555,958</u>	<u>14,437,796</u>	<u>12,323,437</u>	<u>13,632,133</u>	<u>11,439,182</u>
823,802	(2,367,974)	(5,014,879)	(1,547,547)	(1,044,334)	832,756
1,600,000	246,206	4,976,218	2,212,464	3,100,000	1,112,454
(1,600,000)	(246,206)	(4,976,218)	(2,212,464)	(3,100,000)	(1,112,454)
-	3,500,000	-	-	-	-
-	<u>3,500,000</u>	-	-	-	-
<u>\$ 823,802</u>	<u>\$ 1,132,026</u>	<u>\$ (5,014,879)</u>	<u>\$ (1,547,547)</u>	<u>\$ (1,044,334)</u>	<u>\$ 832,756</u>
5.0%	7.8%	11.2%	18.0%	2.1%	2.0%

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 5

**RATIOS OF OUTSTANDING DEBT BY TYPE
Last 10 Fiscal Years
(Unaudited)**

Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Special Assessment Bonds	Capital Leases			
2003	\$ -	\$ -	\$ 3,383,867	\$ 3,383,867	0.82%	\$ 33
2004	-	-	3,143,261	3,143,261	0.68%	29
2005	-	-	2,891,090	2,891,090	0.58%	26
2006	-	-	2,089,928	2,089,928	0.42%	19
2007	-	-	1,549,806	1,549,806	*	14
2008	-	-	4,359,498	4,359,498	*	39
2009	-	-	3,572,826	3,572,826	*	33
2010	-	-	2,053,583	2,053,583	*	18
2011	-	-	1,979,303	1,979,303	*	18
2012	-	-	1,901,449	1,901,449	*	17

* Data is not available

⁽¹⁾ See Demographic and Economic Statistics Population

⁽²⁾ See Demographic and Economic Statistics Personal Income

Source: SouthWest Transit financial records

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 6

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last 10 Fiscal Years
(Unaudited)**

Year	Population	Personal Income	Per Capita Personal Income	K-12 Enrollment	Unemployment Rate
2003	103,617	*	*	17,547	3.9%
2004	107,512	*	*	17,715	3.8%
2005	109,540	*	*	17,261	3.4%
2006	111,202	*	*	18,323	3.2%
2007	112,794	*	*	17,301	4.1%
2008	110,466	*	*	17,185	5.3%
2009	109,248	*	*	16,566	7.5%
2010	112,061	*	*	17,580	6.1%
2011	107,832	*	*	17,626	6.8%
2012	109,204	*	*	18,585	4.2%

* Data is not available

Data Sources: Website from the Cities of Eden Prairie, Chanhassen and Chaska, Minnesota.
Combined all three cities.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 7

**PRINCIPAL EMPLOYERS
Current Year
(Unaudited)**

Employer	2012		Percentage of Total City Employment
	Employees	Rank	
Emerson Process/Rosemount, Inc.	1,800	1	3.0%
Eden Prairie School District No. 272	1,500	2	2.5%
CH Robinson	1,462	3	2.5%
Starkey	1,436	4	2.4%
SuperValu	1,260	5	2.1%
Emerson Process/Rosemount, Inc.	1,200	6	2.0%
Chaska School District No. 112	1,100	7	1.9%
Dell Compellent	1,000	8	1.7%
GE Capital	900	9	1.5%
FSI International Inc.	850	10	1.4%
Total Principal Employees	12,508		21.1%
Total Employees	59,311		100.0%

Note: Principal employer information data from nine years ago was not available.

Source: State of Minnesota, Department of Employment and Economic Development

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 8

**FULL-TIME EQUIVALENT SWT EMPLOYEES BY FUNCTION
Last 10 Fiscal Years
(Unaudited)**

FUNCTION:	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Administration	3	3	3	4	6	5	5	5	5	5
Marketing	2	1	1	1	-	-	-	-	-	-
Customer Service	3	3	2	3	2	2	2	2	2	2
Operations and Vehicle Maintenance:										
Operations	3	4	4	4	3	6	6	5	5	5
Vehicle Maintenance	9	9	8	10	11	11	11	10	10	10
First Transit Service	47	53	60	60	69	66	59	44	44	56
Buildings and Grounds:										
Facilities	2	2	2	3	3	4	2	2	2	2
Total	<u>68</u>	<u>74</u>	<u>81</u>	<u>84</u>	<u>94</u>	<u>94</u>	<u>85</u>	<u>68</u>	<u>68</u>	<u>80</u>

* Does not include Part-Time or Seasonal
Source: SouthWest Transit budget record

SOUTHWEST TRANSIT
Eden Prairie, Minnesota

Table 9

OPERATING STATISTICS
Last 10 Fiscal Years
(Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
SYSTEM RIDERSHIP:										
Fixed Route	567,574	684,978	799,429	844,141	944,295	1,070,327	950,615	931,162	961,862	927,117
Special Events	36,059	41,329	42,864	56,086	68,243	76,502	61,359	71,220	68,156	71,862
VEHICLE HOURS:										
Fixed Route	37,501	39,105	47,083	46,606	46,311	46,545	33,028	29,995	35,364	35,952
Special Events	2,056	597	817	1,421	1,636	1,294	1,298	2,016	1,199	1,136
VEHICLE MILES:										
Fixed Route	755,221	786,738	909,662	985,251	1,013,149	1,104,246	808,779	753,235	778,742	802,656
Special Events	35,318	33,807	31,705	50,522	47,316	30,470	34,085	48,065	49,740	49,895

Source: SouthWest Transit ridership data

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 10

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Nine Fiscal Years
(Unaudited)**

FUNCTION/PROGRAM:	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Facilities:									
Transit Park and Rides (Spaces):									
SWT Capital Assets	740	976	976	976	1,226	1,739	1,739	2,159	2,159
SWT Noncapital Assets	285	285	285	285	285	285	285	285	285
Construction in Progress	-	-	-	763	513	420	420	-	700
Transit Passenger Stations:									
SWT Capital Assets	1	1	1	1	1	2	2	3	3
Construction in Progress	-	-	-	1	1	1	1	-	1
Transit Buses:									
SWT Capital Assets	33	34	33	33	33	33	-	-	-
SWT Noncapital Assets	16	18	31	40	41	41	60	60	60

Note: Capital assets by function are not available for years prior to 2004. No capital asset indicators are available for general government function. Total capital assets are shown regardless of ownership to identify the entire operations.

Source: SouthWest Transit facilities records

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 11

**FAREBOX RECOVERY PERCENTAGE AND FARE STRUCTURE
Last 10 Fiscal Years
(Unaudited)**

As of December 31, 2012

FAREBOX RECOVERY PERCENTAGE

Year	Percentage
2003.....	32.11%
2004.....	27.73%
2005.....	25.76%
2006.....	27.46%
2007.....	28.02%
2008.....	30.66%
2009.....	32.61%
2010.....	32.54%
2011.....	32.79%
2012.....	32.48%

Definition: Service revenues divided by operating expenditures.

FARE STRUCTURES

Fixed Route 680-699 (Monday through Friday):

<u>Cash Fares</u>	<u>Peak Hours</u>	<u>Nonpeak Hours</u>
Adults (13-64)	\$ 3.00	\$ 2.25
Seniors (65+), Youth (6-12)	\$ 3.00	\$ 0.75
Children (5 and Under)	Free*	Free*
Persons with Disabilities	\$ 0.75	\$ 0.75

* When accompanied by paying adult (limit 3)

Local Route 690E (Monday through Friday):

<u>Cash Fares</u>	<u>Peak Hours</u>	<u>Nonpeak Hours</u>
Adults (13-64)	\$ 2.25	\$ 1.75
Seniors (65+), Youth (6-12)	\$ 2.25	\$ 0.75
Children (5 and Under)	Free*	Free*
Persons with Disabilities	\$ 0.75	\$ 0.75

* When accompanied by paying adult (limit 3)

Peak Hours: Monday through Friday 6:00-9:00 a.m. and 3:00-6:30 p.m.

**SOUTHWEST TRANSIT
Eden Prairie, Minnesota**

Table 12

**MISCELLANEOUS STATISTICS
December 31, 2012
(Unaudited)**

Date Founded	1986
Date of Incorporation	July 21, 1986
Form of Government	Joint Powers by three Cities City of Eden Prairie City of Chanhassen City of Chaska
Service Area	81 Square Miles
Population in Service Area	109,204
Type of Tax Support	Motor Vehicle Sales Tax
Sales Tax Rate	7.28%
Number of Routes	20
Number of Transfer Stations	3
Number of Park & Ride Lots	5
Number of Bus Stops	225
Number of Buses in Peak Service	50
Average Speed in Miles Per Hour	21
Employees:	
Full-Time	24
Part-Time and Seasonal	35

